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C O N F I D E N T I A L VIENNA 002578

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TAGS: KNNP FR UK GE AU

SUBJECT: AUSTRIA REJECTS FRENCH CALL FOR TOUGHER EU SANCTIONS ON IRAN

REF: VIENNA 2366

Classified By: Econ/POL Couns Dean Yap. Reason: 1.4(b) and (d)

**¶1.** (C) French Embassy DCM van Rossum has confirmed Austrian media reports that Austria has rejected Foreign Minister Kouchner's proposal for tougher EU sanctions on Iran. Van Rossum described a letter from Kouchner to his EU colleagues as calling on them to use the Oct. 15 GAERC to add additional individuals and firms to the lists of those already subject to UN-based sanctions and to discuss new EU-based sanctions, including on investment in the energy sector. Van Rossum attributed the Austrian position to a desire to protect Austrian energy concern OMV's possible investment in Iran's South Pars gas field. The Austrians, according to van Rossum, said they would only support sanctions in a UN framework that would include Iran's other business partners. German and Italian opposition to action outside the UN also provided Austrian with diplomatic cover, van Rossum said.

**¶2.** (U) In public, Austrian FonMin Plassnik argued that no further action on sanctions should be taken until after PermRep Solana and IAEA DG El Baradei assess Iran's willingness to cooperate on denuclearization in November. And at that point, she added, only a UNSC resolution would ensure the broad participation needed to put meaningful pressure on Iran. Plassnik also said that she believed the idea of a double time-out, as advanced by DG El Baradei (suspension of enrichment matched by suspension of sanctions), offered the best path forward.

**¶3.** (C) In his introductory conversation with Amb. McCaw on Oct. 5, incoming British Amb. Simon Smith noted that he had received a tasking on October 4 to demarche the Austrians on Iran jointly with the French and Germans. However, the morning of 10/5 he received further instructions to delay delivery of the demarche. While not certain, Smith speculated that the hold-up was due to "problems in Berlin." Van Rossum reported that the French Embassy had received no instructions regarding a demarche.

**¶4.** (C) Because Plassnik's remarks regarding the IAEA-Iran process appear at odds with views previously conveyed by MFA PolDir Mayr-Hartung (reftel), Embassy intends to approach MFA Middle East Director and Deputy PolDir Ralph Scheide the week of October 8 for clarification of the Austrian position.  
Kilner